Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 10/22/2001

GAIN Report #CI1027

Chile

Fishery Products

Annual

2001

Approved by:
Lewis J. Stockard, Agricultural Attache
U.S. Embassy
Prepared by:
Luis Hennicke, Agricultural Specialist

Report Highlights:
Chile's salmon and trout industries continue to expand to the point that product prices have fallen dramatically. Production and exports are expected to rise in the coming years but at a lower rate than in the past. Chile is in the process of reviewing new U.S. information that is expected to result in free access for most U.S. salmon eggs.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1027], CI

Table of Contents

Executive Summary

Salmon and trout (Salmonid) production are the major components of Chile's edible fisheries sector. Exports were valued at $973 million in calendar 2000, representing 5.4 percent of total export revenue. A further expansion is expected in 2001 and 2002 as total Chilean aquacultural output is expected to continue to grow based on development and growth of salmon, trout and new species like turbot. Exports of value- added salmon and trout products are expected to expand at a faster rate than whole eviscerated salmon. The export share of these products has increased from 29 percent in 1995 to over 56 percent of the total export value in 2000.

Chile’s national fisheries service (Sernapesca) is currently reviewing new information from APHIS which is expected to result in recognition of U.S. salmon egg production areas as free of infectious salmonid anemia (ISA) and allow for free market access for shipments of U.S. salmon eggs this season.

Note: A Fisheries Products Strategic Indicators Table will not be provided as Chile does not import salmon products and is only a marginal importer of total edible fish products.

Production

In marketing year 2000 (Jan-Dec), Chile's production of whole eviscerated salmon grew significantly when compared with both the previous year and our last forecasts. Excellent economic results by most producers for the last few years, together with increased investments in the sector, have resulted in a larger than expected increase in production. For MY 2001, another albeit smaller expansion is expected, as export prices have fallen significantly during the last few months. Since Chile's salmon production is mainly for export, producers are expected to reduce output as export prices have fallen. In MY2000, export returns expanded almost 19 percent for salmon and trout, to a total of US$973 million. For MY 2001, production and export volumes are expected to expand significantly but returns will expand more moderately as prices have fallen in the main export markets. Beyond that, exports of whole eviscerated salmon might not expand at the same rate, as demand for value-added salmon products is expected to increase.

Atlantic and Silver (Coho) salmon are the main species produced in Chile, with marginal numbers of King and Cherry salmons. Close to 64 percent of total 2000 salmon production was of the Atlantic species, Coho salmon represented the remaining 35 percent of total production.

Chile's excellent natural conditions promote efficient, low-cost salmon production year around. Ideal water temperatures, which fluctuates from 7 to 16 degrees Celsius in the southern fresh water lakes of Region Ten, and in the ocean south of Puerto Montt, are fundamental to the industry's success. Since the lakes and fjords in these regions do not freeze during the winter months, salmon grow faster and reach commercial sizes 6 to 12 months earlier than in Norway, the world's leading producer. This provides a significant economic advantage over competitors. Additionally, land rents, facilities charges and labor costs are low in those regions. Ample supplies of relatively inexpensive, high quality fishmeal and fishoil (the principal feed inputs) further support the profitability of the sector in that feed comprises 60 percent of the total cost of production. Most of the feed used by Chilean salmon producers is manufactured domestically, using the most advanced production and processing technology available.

Based on these natural comparative advantages, Chilean salmon production and exports can be expected to expand further in the coming years. Chile produces and exports a variety of salmon products, including fresh/chilled, frozen, canned, dried and salted, smoked and dehydrated salmon. Although the most important component of the sector is fresh/chilled and frozen whole/eviscerated salmon, exports of value-added salmon products are increasing at a faster rate.

The Chilean salmon and trout industry is composed of more than 70 companies, employing directly and indirectly over 40,000 workers, most of which are located in Regions Ten, Eleven and Twelve. Aquiculture is conducted in 234 coastal concessions for which the companies pay user fees to the government.

Consumption

As Chile has no official figures for fresh and chilled domestic consumption, figures in the PS&D are estimated. Although domestic consumption of both farmed and "wild" salmon has been increasing during the last few years, at only 0.4 percent it is not a significant portion of total demand. This is due primarily to the fact that only a relatively small share population can afford salmon/products, and because fish is less popular than red meat and poultry. However, evidence of the gaining popularity of salmon is the increasing number of restaurants and fish markets that offer fresh salmon. Domestic consumption of smoked salmon also appears to be on the rise based on the selection offered in the major supermarket chains. Additionally, the salmon producers association will reportedly initiate a domestic promotional campaign with total cost of CH$100 million (an estimated US$140,000). This promotional campaign is not only designed to increase domestic consumption of salmon but also to increase all Chileans awareness of the salmon production sector.

As yet, no wholesale marketing and distribution system for salmon exists. Supermarket chains buy directly from the producers or, in some cases, internally source the product from their own salmon farms. Because Chile's salmon producers' main target is the export market, there have never been promotional campaigns to increase domestic consumption.

Prices

The average export price for whole eviscerated fresh/chilled and frozen salmon fell significantly in 2000, from $4.96/Kg. in 1999 to $3.97/Kg. FOB in 2000. The total export value of exports of whole eviscerated fresh and frozen salmon fell from $324 million in 1999 to $321 million in 2000.

Trade

Chile’s whole/eviscerated salmon exports resulted much larger in MY 2000 than both our previous forecast and last year’s exports. Another expansion is expected in the current and next marketing years as output will likely continue to grow. This is largely accounted for by the rebound of the Asian markets, mainly Japan. Expansion of whole eviscerated salmon, however, is expected to slow in the coming years as exports of value-added salmon and trout products will likely increase at a higher rate than in the past, as producers try to gain higher profits. Value-added salmon and trout product exports already increased 40 percent in MY2000.

Over 98 percent of Chile's salmon production is exported. Japan and the United States are the primary markets, capturing again 85 percent of total whole eviscerated salmon exports in 2000. Japan takes almost 50 percent of exports with a total value of US$477 million, followed by the U.S. with a 37 percent of total exports and a value of US$358 million. Almost all Pacific Salmon (Coho) is frozen and exported to Japan, mostly via ocean freight. Atlantic salmon is normally marketed fresh/chilled and transported via air freight to markets in Europe and the United States.

Chile is historically an important and growing market for U.S. fertilized salmon and trout eggs. This trade, however, was interrupted last year when Chile imposed new import rules designed to keep the disease, infectious salmonid anemia (ISA) out of the country. Then, after Chile finally recognized the U.S. as ISA-free, there was an isolated ISA outbreak in Maine which again halted access for U.S. eggs. It is expected that this problem will be resolved soon upon completion of Chile’s (Sernapesca) review of new information recently supplied by USDA’s Animal and Plant Health Inspection Service (APHIS).

Other Uses

Figures given under Other Use/Loss in the PS&D table correspond to the estimated salmon production which goes to other value-added production like "fillet and meat". This figure results from the residual of total salmon production (which includes "whole eviscerated") and the export figure, plus an estimate for the domestic consumption.

Stocks

No stocks of fresh chilled and frozen salmon are kept by producers and/or exporters.

TABLE 1: CHILE - Exports of Value-Added Salmon and Trout Products (U.S.$ Thousands)

Product	1996	1997	1998	1999	2000
Fresh Filet	91,123	142,568	197,922	203,774	278,470
Frozen Filet	68,374	94,785	108,031	119,063	170,826
Smoked	13,322	10,210	8,858	12,995	19,399
Dried & Salted	23,859	40,938	17,979	17,516	18,665
Canned	2,880	2,261	7,315	7,798	8,441
Other	8,197	22,988	30,250	29,070	49,881
Total	**207,754**	**313,748**	**370,355**	**390,216**	**545,682**
% of Total Salmon Exports	38.6	46.9	51.9	47.7	56.1

Source: Salmon and Trout Producers Association.

Policy

The Chilean government plays virtually no role in salmon and trout production and exports, except for promotional activities. The government, through its export promotion agency, ProChile, and individual producers, supports promotional campaigns mainly in countries in the Far East. In all, Chile exported fresh and chilled salmon to more than 100 countries during 2000.

PS&D Table

PSD Table						
Country	Chile					
Commodity	Salmon, Whole/Eviscerated				(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	0	0	0	0	0	0
Total Production	160000	211760	176000	255000	0	280000
Intra-EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	160000	211760	176000	255000	0	280000
Intra-EC Exports	0	0	0	0	0	0
Other Exports	67000	80771	70000	90000	0	100000
TOTAL Exports	67000	80771	70000	90000	0	100000
Domestic Consumption	690	710	690	720	0	730
Other Use/Loss	92310	130279	105310	164280	0	179270
TOTAL Utilization	93000	130989	106000	165000	0	180000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	160000	211760	176000	255000	0	280000

Export Trade Matrix

Export Trade Matrix			
Country	Chile		
Commodity	Salmon, Whole/Eviscerated		
Time period	Jan-Dec	Units:	M.T.
Exports for:	1999		2000
U.S.	4236	U.S.	5940
Others		Others	
Japan	54527	Japan	63096
Brazil	3912	Brazil	5525
Argentina	1284	Argentina	1532
Venezuela	452	Taiwan	1408
Mexico	174	Venezuela	684
Taiwan	147	So. Korea	429
Colombia	80	Germany	324
So. Korea	63	Canada	261
Netherlands	60	Singapore	249
Panama	54	Mexico	232
Total for Others	60753		73740
Others not Listed	420		1091
Grand Total	65409		80771